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The Hamilton Harbour Commissioners

Annual
Report

1991

URBAN MUNICIPAL
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GOVERNMENT DOCUMENTS



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Annual Report 1991

The Hamilton
Harbour
Commissioners

A.U. Oakie
Chairman

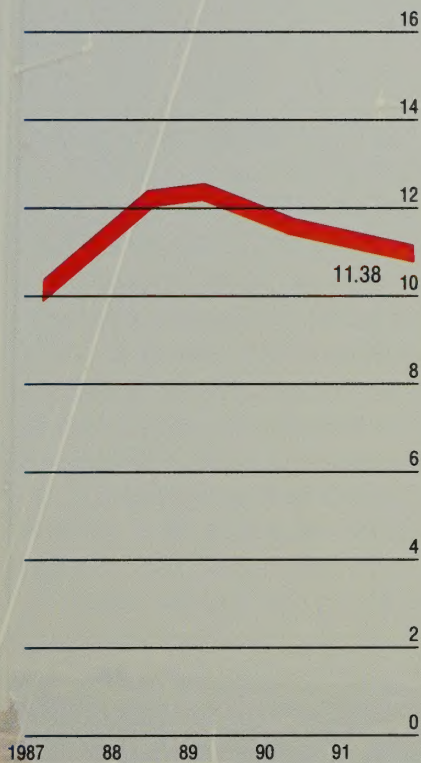
P.J. Peterson
Commissioner

D.M. Beattie
Commissioner

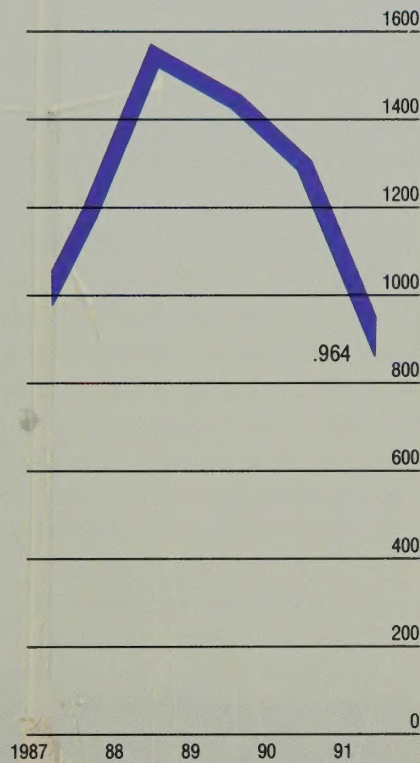
R.R. Hennessy, P.Eng.
Port Director



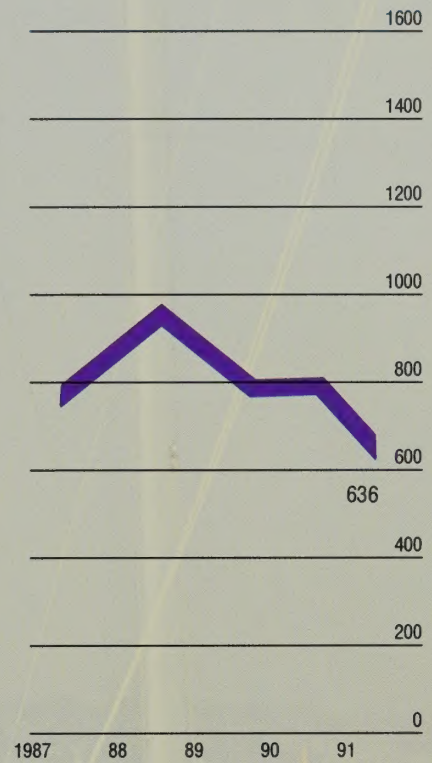
Five Year Summary



Total Tonnage
(metric tonnes in millions)



Overseas Tonnage
(metric tonnes in thousands)



Vessel Arrivals
(number of ships)

Message from the Chairman and the Port Director



The Port of Hamilton opened its 1991 navigation season on March 31, 1991 with the arrival of the M.V. "Amelia Desgagnes".

The Port was visited by 636 commercial vessels before the M.V. "J. W. McGiffin" closed the shipping season on December 21, 1991.

A total of 11,383,050 metric tonnes of cargo were moved through the Port during the year. Included in this total was 963,720 tonnes of cargo shipped directly overseas. Both of these cargo volumes were lower than 1990 levels, marking a continuing decline from the recent peak established in 1988. This is reflective of the especially deepening recession, one that the economy of the Great Lakes Basin was unable to shake off in 1991. Similar cycles were experienced at the Port in the earlier recessions of the mid 1970's and again in 1982. We are confident that the trend will reverse itself as our economy strengthens, however it remains to be seen when and how rapidly the turn-around will occur. There is little doubt that the Port's industrial core, and particularly the steel industries, has been hard hit in these times. However, the inherent depth and strength of our Harbour should serve us well when we finally rebound out of this current slump.

Total Port income also fell in tandem with tonnage levels. Net revenues were also lower as the Port continued to reduce rates and tariffs in an effort to work with our customers on controlling the cost of moving cargo.

The diversification of the Port's operations and revenue base has enabled us to weather this continuing and disturbing trend to lower cargo volumes. Given the current economic climate, our net revenue picture for 1991 can be described as adequate.

During 1991 the Port spent \$3.5 million on new port projects and an additional \$650,000 in maintaining existing port infrastructure. Foremost was the construction of the public fishing and viewing pier and a 100 slip marina at our Harbour West development. This project is being co-ordinated with the city of Hamilton's park development at Pier 4. When completed, these developments will provide enjoyment and increased recreational access to the harbour.

Capital expenditures, for the most part, went to contractors and suppliers who operate in the immediate port area and therefore provided some stimulus to our struggling local economy. In addition, during 1991, property of the Commissioners generated \$2,526,402 in municipal taxes for the City of Hamilton.

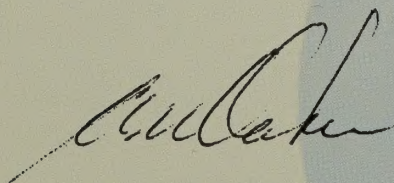
Located at Harbour West, the Commissioners' Sailing School enrolled a total of 2,900 students; teaching skills in both sailing and power boating. Some 950 of these students participated through the Commissioners' Community Sailing Program, which provides sailing opportunities for disadvantaged people. The Commissioners public boat launch at Fisherman's Pier was used by 5,443 boaters during 1991, its canal location providing easy and popular access to the waters of both the Harbour and Lake Ontario.

The Port actively participated in and supported a number of trade associations during the year, including The Canadian Port and Harbour Association, the American Association of Port Authorities and the International Association of Great Lakes Ports. The Port of Hamilton Spill Control Group remained vigilant in its ongoing role as a first line defence against environmental emergencies.

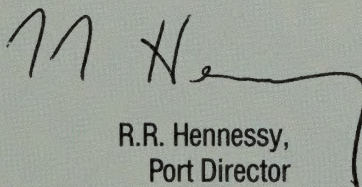
The Port continued to receive the active support of the Government of Canada, and that of our adjacent municipalities.

We would like to acknowledge the continuing efforts of our longshoring, maintenance and marine labour forces and those of our office and professional staff. We thank Commissioners Peter Peterson and Duncan Beattie for their service and contribution to the Board during 1991.

In closing, we also thank our customers in our different areas of operation, whose loyal support and ongoing business is vital to the continued prosperity of the Port of Hamilton. We look forward to serving each of them in 1992.



A.U. (Al) Oakie
Chairman



R.R. Hennessy,
Port Director

Balance Sheet

DECEMBER 31, 1991

Assets

	1991	1990
CURRENT		
Cash	\$ 405,297	\$ 244,220
Accounts receivable	1,084,715	1,550,213
Accrued interest receivable	56,789	112,469
Inventory	90,042	76,504
Prepaid expenses	55,213	66,947
	<u>1,692,056</u>	<u>2,050,353</u>
EQUIPMENT LOAN (note 2)	460,000	460,000
INVESTMENTS APPROPRIATED FOR FUTURE HARBOUR IMPROVEMENTS (note 3)	5,750,000	5,600,000
FIXED (note 4)	50,276,575	48,301,026
TOTAL ASSETS	<u>\$58,178,631</u>	<u>\$56,411,379</u>

Liabilities

CURRENT		
Accounts payable and accrued liabilities	\$ 436,434	\$ 710,306
Current portion of long-term debt	50,000	50,000
	<u>486,434</u>	<u>760,306</u>
LONG-TERM (note 5)	375,000	425,000
TOTAL LIABILITIES	<u>861,434</u>	<u>1,185,306</u>

Capital

GENERAL CAPITAL	51,567,197	49,626,073
RESERVE FOR FUTURE HARBOUR IMPROVEMENTS (note 3)	5,750,000	5,600,000
TOTAL CAPITAL	<u>57,317,197</u>	<u>55,226,073</u>
TOTAL LIABILITIES AND CAPITAL	<u>\$58,178,631</u>	<u>\$56,411,379</u>

Statement of General Capital

FOR THE YEAR ENDED DECEMBER 31, 1991

	1991	1990
GENERAL CAPITAL — <i>Beginning of year</i>	\$49,626,073	\$38,538,998
EXCESS OF REVENUE OVER EXPENSE FOR THE YEAR	2,091,124	2,587,075
	<u>51,717,197</u>	<u>41,126,073</u>
ALLOCATION FROM (TO) RESERVE FOR FUTURE HARBOUR IMPROVEMENTS (note 3)	(150,000)	8,500,000
GENERAL CAPITAL — <i>End of year</i>	<u>\$51,567,197</u>	<u>\$49,626,073</u>

Statement of Revenue and Expense

FOR THE YEAR ENDED DECEMBER 31, 1991

Revenue

	1991	1990
Operating revenue		
Harbour operations	\$1,210,937	\$1,339,695
Terminals	2,178,491	2,299,115
Property	4,109,367	3,255,836
Marine dockyard	1,333,890	1,479,561
Other income	645,548	1,628,523
	<u>9,478,233</u>	<u>10,002,730</u>
OPERATIONS		
Operating expense		
Harbour operations	521,212	490,679
Terminals	1,669,084	1,829,556
Property	631,359	696,312
Marine dockyard	923,405	898,386
Depreciation of docks, buildings and equipment	1,561,212	1,550,359
	<u>5,306,272</u>	<u>5,465,292</u>
GROSS OPERATING MARGIN	<u>4,171,961</u>	<u>4,537,438</u>
ADMINISTRATIVE, OFFICE AND GENERAL	2,061,759	1,929,222
INTEREST ON LONG-TERM DEBT	19,078	21,141
	<u>2,080,837</u>	<u>1,950,363</u>
EXCESS OF REVENUE OVER EXPENSE FOR THE YEAR	<u><u>\$ 2,091,124</u></u>	<u><u>\$ 2,587,075</u></u>

Auditors' Report

To The Hamilton Harbour Commissioners

We have audited the balance sheet of The Hamilton Harbour Commissioners as at December 31, 1991 and the statements of revenue and expense, general capital and changes in financial position for the year then ended. These financial statements are the responsibility of the Commissioners' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our appointment as auditors is in accord with the intent of The Hamilton Harbour Commissioners' Act.

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Hamilton Harbour Commissioners as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

*Hamilton, Canada
March 13, 1992*

MACGILLIVRAY PARTNERS
CHARTERED ACCOUNTANTS

Statement of Changes in Financial Position

FOR THE YEAR ENDED DECEMBER 31, 1991

	1991	1990
OPERATIONS		
Excess of revenue over expense for the year	\$ 2,091,124	\$ 2,587,075
Items not affecting working capital		
Depreciation	1,561,212	1,550,359
Gain on fixed asset disposals	(868)	(107,595)
Working Capital derived from operations	3,651,468	4,029,839
Decrease (<i>increase</i>) in working capital		
Accounts receivable	465,498	(15,216)
Accrued interest receivable	55,680	665,587
Inventory	(13,538)	(13,717)
Prepaid expenses	11,734	(20,771)
Accounts payable	(273,872)	91,931
	<u>3,896,970</u>	<u>4,737,653</u>
 INVESTING		
Fixed asset acquisitions	(3,536,768)	(13,287,640)
Proceeds on disposal of fixed assets	875	109,332
Investments for future harbour improvements - appropriated	(150,000)	—
	<u>(3,685,893)</u>	<u>(13,178,308)</u>
 FINANCING		
Repayment of long-term debt	(50,000)	(50,000)
Investments for future harbour improvements — realized	—	8,500,000
	<u>(50,000)</u>	<u>8,450,000</u>
INCREASE IN CASH RESOURCES	161,077	9,345
CASH RESOURCES — Beginning of year	244,220	234,875
CASH RESOURCES — End of year	<u>\$ 405,297</u>	<u>\$ 244,220</u>

Notes to the Financial Statements

DECEMBER 31, 1991

CONSTITUTION

The Hamilton Harbour Commissioners is a corporation established and operated pursuant to the Hamilton Harbour Commissioners' Act, 2 George V c.98, 1912. The Commissioners' mandate is to govern and develop the harbour of Hamilton for the purposes of the Act and to provide a harbour with full facilities for the transportation industry.

1. SIGNIFICANT ACCOUNTING POLICIES

The Commissioners have adopted the following accounting policies:

(a) Revenue and expense are accounted for on the accrual basis.

(b) Fixed Assets and Depreciation

Fixed assets are recorded at acquisition cost. Depreciation is provided on a straight-line basis at rates designed to amortize the cost over the useful lives of the assets:

Docks and improvements	- 2%, 5%, 10%, 20%
Buildings	- 2-1/2%, 5%, 10%, 20%
Vessels and equipment	- 10%, 15%, 20%

(c) Inventory

Inventory is recorded at the lower of cost, determined on a first-in, first-out basis and replacement cost.

(d) Grant Recognition

Capital grants are recorded, when receivable, as an increase in General Capital.

2. EQUIPMENT LOAN

The loan, which is part of an agreement whereby the Commissioners have secured the use of two cranes, is due in 1994 and bears interest at 9% payable monthly. The loan is secured by a first charge against equipment.

3. RESERVE FOR FUTURE HARBOUR IMPROVEMENTS

During the year, the Commissioners transferred \$150,000 to the reserve for future harbour improvements. The balance in the reserve, amounting to \$5,750,000, is set aside for future capital expenditures. The reserve funds are invested in short-term deposits.

In 1991, the Commissioners approved a five-year capital budget in the aggregate amount of \$29,632,000.

4. FIXED ASSETS

	Cost	Accumulated Depreciation	Net Book Value	
			1991	1990
Land, docks and harbour improvements	\$44,463,786	\$12,400,664	\$32,063,122	\$32,715,204
Buildings	11,528,280	7,090,384	4,437,896	4,875,748
Equipment and vessels	5,720,667	4,705,956	1,014,711	1,213,384
Capital development in progress	12,760,846	—	12,760,846	9,496,690
	<u>\$74,473,579</u>	<u>\$24,197,004</u>	<u>\$50,276,575</u>	<u>\$48,301,026</u>

5. LONG-TERM DEBT

	1991	1990
Debentures payable		
Government of Canada, 4-1/8%, to be paid before the year 2005	\$ 425,000	\$ 475,000
Current portion	50,000	50,000
	<u>\$ 375,000</u>	<u>\$ 425,000</u>

The Commissioners are repaying the principal sum at \$50,000 per annum.

6. PENSION PLANS

A non-contributory defined benefit final average pension plan exists for salaried employees. The contributory defined benefit career average pension plan for those employees who are members of C.U.P.E. Local 958 was amended effective July 26, 1991 to be a non-contributory plan.

Based on actuarial reports prepared in the past three years, pension benefits and the market value of net assets available to provide for these benefits as at December 31, 1991 are estimated as follows:

	Salaried Employees' Plan	C.U.P.E. Employees' Plan
Accrued pension benefits	\$ 3,359,000	\$ 235,000
Pension fund assets	3,932,000	381,000

The excess of pension fund assets over the accrued pension benefits of the plans is expected to be utilized to fund current service contributions and/or enhance future pension benefits.

Port Facts

The Port of Hamilton is a multi-user harbour which provides a vital link for the movement of raw materials and finished goods to and from Canada's Industrial heartland.

The Port is home to:

- Canada's two largest steel mills
- The largest oil seed crushing plant in Eastern Canada
- 3 fertilizer terminals supplying Ontario's agricultural needs
- 4 marinas offering 800 small craft berths
- Canada's premiere fresh water research and development laboratory
- #1 rated Sailing School programs by the Canadian Yachting Association in 1991







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The Hamilton
Harbour
Commissioners

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